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FOREIGN CROPS AND MARKETS



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L A T E C A B L E S

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The Prairie Provinces of Canada well supplied with moisture, with exception of a few districts. Drought area of Saskatchewan relieved by May rains which seriously delayed seeding in central and northern Alberta. Wheat sowings almost completed in Manitoba, many parts of Saskatchewan, and southern regions of Alberta. Many wheat fields in northern Alberta have not been sown and may be used instead for feed grains. Grasshopper hatching delayed by cool, wet weather but outbreaks expected soon. (Dominion Bureau of Statistics, Ottawa, May 29, 1935.)

India second estimate of 1935 wheat crop placed at 366,725,000 bushels as compared with corresponding figure of 1934 revised to 352,091,000 bushels. The May estimate of acreage is 34,478,000 acres as compared with 35,799,000 acres reported for May 1934. Flaxseed was placed at 3,331,000 acres, and 16,720,000 bushels as against the revised figure of 3,261,000 acres and 15,040,000 bushels. (Director of Statistics, Calcutta, May 31, 1935.)

Fruit crops in central Europe delayed and May frosts greatly reduced prospects for cherries, apricots, peaches, and strawberries, with pears being less damaged, and apples apparently not much affected. German cherries, apricots, and peaches severely frosted; prospects for pears average, apples good to average in most regions. Czechoslovak early fruit, including pears, severely damaged, apples somewhat. Styrian apples are good to average and above 1934 average. Upper Austrian pears and summer apples partly frosted. In Switzerland apples appear favorable, pears damaged somewhat. Italian Tyrol had little frost damage; apple and pear prospects favorable. (Agricultural Attaché L. V. Steere, Berlin, May 29, 1935.)

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C R O P A N D M A R K E T P R O S P E C T S

BREAD GRAINS

Summary of recent information

Seeding operations in the Southern Hemisphere countries have been retarded this season by lack of rainfall, according to recent reports. While acreage estimates are not yet available for Australia, no increase in the wheat area is expected by the trade. Prospects up to May 15 were favorable in New South Wales only. Rains were needed everywhere in late May, with the exception of South Australia, and early seedings were germinating poorly.

The sowing of wheat was just getting under way in Argentina the first of May, soil preparations having been delayed by dry weather in many of the important wheat regions, according to the Ministry of Agriculture. In the Province of Buenos Aires, plowing for winter wheat had started and sowings were expected to be general during the month. The sowing of early wheat had been started in the southwestern part of Cordoba, but scarcity of rain had delayed plowing in some sections. In the Province of Santa Fe, plowing for wheat and flaxseed was going forward actively in the north and somewhat more slowly in the south. There was noted among the farmers some tendency toward reducing the wheat acreage in favor of flaxseed. Drought conditions retarded the seeding of both rye and winter wheat in the Province of La Pampa, and field preparations had advanced very slowly in Entre Rios, where farmers feared another invasion of weeds similar to that experienced last season.

The reduction in the 1935 wheat crop of China may be greater than earlier reports indicated, according to a radiogram from the Shanghai office of the Foreign Agricultural Service. From early arrivals of new wheat received at Shanghai, it was thought that the new crop was of fair milling quality since the moisture content was low.

Shanghai wheat market

No new commitments of foreign wheat were reported for the week ended May 24 by the Shanghai office. Mills were waiting for supplies from the new domestic crop. Mill activity was reported at full capacity, however, with flour demand good and stocks on hand low.

Australian wheat from New South Wales, c.i.f. Shanghai, was quoted at 86 cents per bushel. The July price of domestic wheat was 82 cents per bushel, August 84 cents. Domestic flour for May delivery was \$1.01 per bag of 49 pounds. Australian flour, c.i.f. Hongkong, was not quoted.

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CROP AND MARKET PROSPECTS, CONT'D

RICE

Chosen rice crop for 1934 reduced

The total area under rice in Chosen (Korea) in 1934 amounted to 4,195,473 acres, according to Ralph Cory, American Vice Consul at Seoul. Compared with the previous year the cultivated area of ordinary rice was increased by 37,630 acres, while the areas under glutinous and upland rice decreased by 1,005 and 1,127 acres respectively. This represents a net increase of 35,498 acres in the total rice area.

CHOSEN: Rice acreage, 1930-1934

Year	Classification			
	Ordinary	Glutinous	Upland	Total
	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>
1930.....	3,837,737	141,007	94,369	4,073,113
1931.....	3,869,823	139,285	94,859	4,103,967
1932.....	3,803,006	132,402	92,193	4,027,601
1933.....	3,934,754	131,967	93,254	4,159,975
1934.....	3,972,384	130,962	92,127	4,195,473

The actual outturn of rice for the 1934 crop year has been officially announced as 5,252,838,000 pounds cleaned. Despite the considerable increase in acreage, the 1934 crop fell short of that of 1933 by 463,621,263 pounds. This is attributed to floods which occurred during the summer of 1934 in several southern provinces of Chosen.

CHOSEN: Production of cleaned rice 1930-1934

Year	Classification			
	Ordinary	Glutinous	Upland	Total
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
1930.....	5,750,317	186,595	89,979	6,026,892
1931.....	4,754,953	153,257	79,372	4,987,564
1932.....	4,901,135	151,861	83,137	5,136,133
1933.....	5,472,717	162,528	81,213	5,716,459
1934.....	5,028,102	147,396	77,339	5,252,838

C R O P A N D M A R K E T P R O S P E C T S , C O N T ' D

Japan is the principal market for Chosen rice. In 1932 Japan took over 45 percent and in 1933 over 43 percent of the total rice crop of the colony. However, during the latter year the Japanese Government proposed measures of restricting rice shipments from Chosen to Japan proper in order to protect the Japanese rice growers. Discussions concerning this matter resulted in an agreement to the effect that the central colonial government of Chosen would adopt its own measures to regulate shipments of rice to Japan proper. In accordance with this policy the Government announced that approximately 27 percent of the Chosen rice crop for 1934 would be purchased and stored for future sales in Chosen or in Japan, but developments in Japan made this procedure unnecessary. In view of a 19 percent decrease in the 1934 rice crop in Japan proper, 2,944,468,919 pounds of rice, representing over 55 percent of the total Chosen rice crop, were shipped to Japan during 1934. This represented an increase of 599,070,977 pounds over the 1933 exports. Of the total volume of exports, approximately 2,670,843,248 pounds consisted of 1934 rice, the balance being from the 1933 carryover.

In 1933, when the rice market was glutted, the farmers were unable to obtain more than 1.07 cents per pound for unhulled rice at harvest-time sales. The short 1934 crop in Japan raised the price of rice in Chosen considerably. Unhulled rice, first grade, of the 1934 crop, was selling in March for 1.95 cents per pound in the local market, and second quality rice for 1.39 cents per pound. Hulled rice was selling at 2.58 cents per pound.

T O B A C C OSouth Africa intensifies tobacco control

Control of the South African tobacco industry by the Minister of Agriculture and Forestry has been substantially augmented by the Tobacco Control Amendment Act, 1935, which became effective by a proclamation of the Governor General published in the Government Gazette on April 10, 1935. The new law specifically defines the authority of the Minister in regulating the tobacco industry and provides for the establishment of a board, to be known as the Tobacco Industry Control Board, which is to function as the main administrative body in carrying out regulations issued by the Minister for the control of the industry.

This board will be established at a date to be fixed by the Governor General by proclamation in the Gazette. The Minister of Agriculture remains as the principal factor in regulating the tobacco industry since the board will act mainly in an advisory capacity, performing for the most part only such functions as may be delegated to it from time to time in

CROP AND MARKET PROSPECTS, CONT'D

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regulations issued by the Minister. When established, however, the board will provide the first opportunity for tobacco growers, manufacturers and traders to participate in formulating and administering regulatory procedure affecting the tobacco industry. Such power formerly was centered solely in the Minister of Agriculture.

Aside from certain administrative duties outlined in the new law and its authority to propose control measures for the approval of the Minister, the only important direct power of the board is its authority to pay a bounty on exports of tobacco and tobacco products. The bounty is to be paid out of its own funds. These funds are to be derived from levies to be imposed on leaf tobacco by the Minister of Agriculture. Such levies will be payable only by tobacco traders and importers. Subsidies have been paid on leaf tobacco exports in South Africa for several years under the terms of the Export Subsidies Act of November 30, 1931, which was applicable to a long list of commodities. The subsidy under that Act is 10 percent ad valorem payable by the Federal treasury on all leaf tobacco exports. Such subsidies as may be paid by the board under the new law will be in addition to the Federal subsidy and may be applicable to tobacco products as well as to leaf tobacco. The Union of South Africa usually produces around 15,000,000 pounds of air-cured tobacco, the bulk of which is consumed domestically.

Organization and powers of the board

The Tobacco Industry Control Board is to consist of nine members approved by the Minister of Agriculture and Forestry and appointed by the Governor General. The Chairman of the board must be an officer of the Ministry of Agriculture and Forestry, nominated by the Minister. The other eight members must be individuals certificated by the Minister as truly representative of the organizations for which they will act on the board.

Four of these must be representatives of cooperative tobacco growers' associations nominated by those organizations. One must be a representative of independent (non-cooperative) producers nominated by such growers. One must represent large scale manufactures, i.e., those who produce at least 750,000 pounds of tobacco products per annum. This member must be nominated by the South African Federated Chamber of Industries, Inc. One must represent the small scale manufacturers, also nominated by the South African Federated Chamber of Industries, Inc. The ninth member, known as the trade representative, must be nominated by the Minister of Agriculture and Forestry and may not be connected directly or indirectly with the trade in tobacco.

It is to be noted that the Minister of Agriculture and Forestry directly nominates two members of the board and must approve all of the other seven before they can be appointed by the Governor General. In addition the Minister of Agriculture is authorized to nominate ex officio members of the

CROP AND MARKET PROSPECTS, CONT'D

board from officers of the Department of Agriculture and Forestry and of the Department of Native Affairs. These ex officio members are to participate in the deliberations of the board on an equal basis with the nine appointed members except that they do not have the right to vote.

The only outright powers delegated to the board are authority to control a fund to be derived from levies on tobacco for defraying its expenses; to appoint its own staff and to acquire property for exercising its functions; to devise means for the use of surplus tobacco; to disseminate information of interest to the tobacco industry; to utilize its funds to bring about improvements in cultivation and processing methods; to seek overseas markets for tobacco and tobacco products; and to pay a bounty on exports of tobacco and tobacco products.

Powers of the Minister of Agriculture

The Minister of Agriculture remains as the chief power in regulating the tobacco industry. This is evidenced by the fact that in certain important matters the board is only authorized to make recommendations to the Minister. In that connection the law provides that the board shall make recommendations for the imposition of levies on tobacco, such levies, however, not to exceed two cents per pound; for fixing export quota percentages on any or every class of tobacco which must be exported by persons who have tobacco in their possession; for the form and manner in which tobacco traders are to be licensed; for the regulation and control of imports of any class of tobacco; for the classification of tobacco according to kind, grade, standard, or quality, and for prohibiting or regulating exports of any category of tobacco defined in such a classification; and for any other steps that should be taken in the interests of the tobacco industry. It should be noted, however, that the board has no power to enforce any of these recommendations except as authorized by the Minister.

The Minister of Agriculture and Forestry also has the authority to issue regulations defining the powers of the board in connection with any of its recommendations. In addition he is authorized to require growers, manufacturers, traders, brokers, and any other persons connected with the tobacco industry to make complete and regular reports to the board covering all phases of their activities in connection with growing, treating, manufacturing, buying, and selling tobacco and tobacco products. He may also issue regulations as to the grades and standards of tobacco that may be purchased, sold, or manufactured in any period; as to the marking and packing of tobacco and tobacco products, and as to any other matter which he considers to be in the interests of the tobacco industry and trade.

CROP AND MARKET PROSPECTS, CONT'D

Previous legislation

The new law is an amendment to the Tobacco Control Act (No. 19), 1932, passed by the South African Parliament on May 30, 1932. The chief purpose of the enabling or principal Act was to increase the domestic price level for tobacco by requiring the export of a specified percentage of designated grades of unmanufactured leaf. The Minister of Agriculture in that connection was authorized to declare each year certain percentages of the various types of leaf tobacco which had to be exported. An export quota law went into effect in 1933 requiring 25 percent of all tobacco, except Turkish and flue-cured, purchased by dealers to be exported, thereby disposing of an accumulated surplus and maintaining prices locally. It was believed that this law would serve to maintain prices in South Africa at desired levels and that it would result in expansion of tobacco cultivation. To protect growers from foreign competition in the domestic market the law authorized the Minister of Agriculture to prohibit, control or regulate imports of any class of tobacco.

The Minister was also given a free hand to inspect books and premises of tobacco traders and manufacturers in order to assure himself that the tobacco export quotas and other regulations issued under the Act were being complied with. To facilitate the operation of the law the Minister was empowered to license each tobacco trader and manufacturer. The licensing feature of the tobacco law, provided for in the principal Act and extended with some amendments in the new law, is one of the most important elements of the regulatory and control aspects of the legislation. It provides that no person shall purchase or otherwise acquire any tobacco from a grower, and no person shall import any tobacco, and no grower shall manufacture any tobacco, unless he is the holder of a tobacco trader's license. Such license must be renewed annually.

FRUITS, VEGETABLES, AND NUTS

Italian summer lemon crop good

Summer, or Verdelli type, lemons were available for shipment from Italy the first week in May, according to a report from W. Everett Scotten, American Vice Consul at Palermo. The supply this year will probably be as large as last. It is reported that the crop will be heavier in the Messina district than that of 1934. At Palermo the harvest is described as medium, but it appears that new groves using the Verdelli (forcing) system are coming into bearing in this region, which will increase the volume from Palermo somewhat.

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The Italian winter lemon crop was cleared in April at prices satisfactory to growers. The successful close of the season was due to an unusually strong demand from the United Kingdom.

THE SOWING CAMPAIGN IN THE SOVIET UNION

A somewhat larger acreage was seeded in the Soviet Union during the first five days of May than in the preceding 5-day period, the figures being 21,606,000 and 20,892,000 acres, respectively. Sowings at the beginning of May were proceeding at a slower rate, however, than in the middle of April. For details of sowings in April see "Foreign Crops and Markets," May 27, 1935, page 582.

The total area sown to all spring crops up to May 5 was placed at over 145,000,000 acres and exceeded by 30,000,000 acres last year's acreage figure of the same date which was a record figure for recent years (see table below). Sowings are now proceeding principally in the eastern, northern, and north central regions. The shortage of prepared (plowed) acreage proved, as was anticipated, a serious limiting factor in the progress of the sowing campaign in the eastern regions. The proportion of the area plowed in the autumn was smaller in the eastern than in the central and southern regions. In some districts of the Omsk region (Western Siberia) sowing operations had to wait on preparation of soil.

The cold weather during the end of April delayed the growth of crops but, at the same time, facilitated the rooting, according to the report of the Soviet Weather Service. The moisture situation was also considered favorable. The condition of both the winter and spring crops in the large majority of regions was reported as quite satisfactory. Winter rye and wheat in the southern region were jointing, while the spring wheat, oats, and barley were tillering, at the end of April.

Area sown to all spring crops in the Soviet Union up to
May 5, 1930-1935

Year	Area	Year	Area
	<u>1,000 acres</u>		<u>1,000 acres</u>
1930.....	92,976	1933.....	83,804
1931.....	60,737	1934.....	115,396
1932.....	53,460	1935.....	145,441

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL ^{a/}

Canada is now marketing eleven products of the agricultural forestry, and fisheries industries under the terms of the Natural Products Marketing Act of July 3, 1934. Six of the so-called marketing "schemes" cover tree fruits, flue-cured tobacco, potatoes, milk, dry beans, and jams, jellies, and marmalades, and two schemes cover vegetables. The other three schemes are designed primarily to regulate the exports of apples and pears, the export to the United States of British Columbia red cedar shingles, and the export of dry salt herring and salmon from the same province. All of the schemes are self-supporting financially. Initiation of the schemes is voluntary with the producers interested, but once established, the market control organization for any product has broad and effective power over the movement of the commodity concerned.

Several other schemes have been submitted to the Dominion Marketing Board at Ottawa, but have not yet been recommended for the approval of the Governor in Council. They include schemes for marketing poultry and livestock in Alberta; for cheese, vegetables, processed fruits and vegetables, and cattle in Ontario; for halibut in British Columbia; for apples in Nova Scotia; for smoked herring in New Brunswick; for lumber in Quebec; for livestock in Manitoba and Saskatchewan; and the Dominion schemes for marketing shingles and dairy products. Under the terms of the Act, Canada probably has provided machinery for controlling the marketing of more natural products than is provided for by similar legislation in any other country. Central administrative power is vested in the Governor in Council, the Minister of Agriculture, and a supervisory Dominion Marketing Board at Ottawa. Local boards administer the several schemes on behalf of the Dominion Marketing Board. See "Foreign Crops and Markets," July 27, 1934, for the administrative and enforcement provisions of the Natural Products Marketing Act.

Products and conditions under which the enabling act is applicable

The objective of the Natural Products Marketing Act, 1934, is to improve methods of marketing natural products in Canada and in the Canadian export trade. Natural products are defined in the Act as animals, meats, eggs, wool, dairy products, grains, seeds, fruits and fruit products, vegetables and vegetable products, maple products, honey, tobacco, lumber, and such other natural products of agriculture, forestry, or fisheries, and any article of food or drink wholly or partly manufactured or derived from any such product that may be designated by the Governor in Council. All powers that may be granted by Order in Council for the administration of marketing schemes are vested in the Dominion Marketing Board. The latter, however, may delegate these powers to local boards.

Among the powers that have been granted to local boards administering the eleven schemes now in force are authority to regulate the time and place at which and the agency through which the regulated product shall be marketed; to direct shipments, in any quantity, quality, or grade, through

^{a/} Prepared by Leo J. Schaben, Foreign Agricultural Service.

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any designated agency, to any market at any time; to prohibit the marketing of the regulated product; to conduct pools for the equalization of returns received from the sale of regulated products; to compensate persons for loss sustained by withholding from or forwarding to a specified market any regulated product pursuant to an order of the Board; to grant loans for the construction or operation of processing and storing facilities; to restrict the marketing of any regulated product to licensed individuals; to require full information relating to the production and marketing of the regulated products; to exempt any person or organization engaged in the production or marketing of the regulated product from compliance with the provisions of the law; and to prosecute any person or organization violating the law.

Schemes for regulating marketing may be of two general types, those applicable to products shipped out of the provinces in which produced, and those applicable only to products marketed within the producing provinces. In either case the schemes are operated by local boards subject to the supervision of the Dominion Marketing Board in Ottawa. Schemes applicable to products entering into inter-provincial and export trade may be placed in operation either under authority of the Dominion statute or under that of a provincial statute. When their applicability is confined to intra-provincial trade, however, they can function only under the authority of permissive legislation adopted by the respective provincial governments.

The Dominion Act, moreover, authorizes the Governor in Council to regulate or restrict the importation into Canada of any natural products which enters Canada in competition with a regulated product and to regulate the exportation from Canada of any natural product. This provision was made in order that it might be possible to deal with situations arising from conditions in the markets of other countries or from action that other countries might take concerning markets and marketing. The law also authorizes the Dominion Marketing Board to investigate marketing conditions and prices and to prosecute any person who receives or attempts to receive prices derogatory to the interests of the public. This includes the right to examine all books and records of organizations affected by the schemes.

British Columbia Tree Fruit Scheme

The British Columbia Tree Fruit Scheme adopted on August 25, 1934, was the first marketing scheme to be established in Canada under the Act. The purpose of the scheme, which was submitted and supported by a majority of growers and shippers of fruits in British Columbia, is to promote the efficient marketing of tree fruit products grown in the interior of British Columbia. The scheme is administered by a local board of three members elected annually by registered producers for a period of one year ending May 31. Headquarters of the Board are at Kelowna, British Columbia.

In exercising general control over the marketing of tree fruits, the Board may designate the agency through which the product shall be marketed; but it will not discriminate against any established marketing agency which complies fully with the requirements of the scheme. Fruit may be delivered

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D

only to shippers licensed by the Board. The necessary expenses of the Board are defrayed by the assessment of charges payable by shippers on the marketing of the regulated product. The maximum charges that may be imposed are two cents per packed box of apples. Rates fixed for other tree fruit products have not yet been announced.

While the scheme is primarily applicable only to tree fruit grown in a specified area and marketed for domestic consumption in the Dominion of Canada the Board has the power to order that such fruit be exported if such procedure is deemed necessary to relieve pressure on the domestic market. It may also cooperate with any other Boards established under the Act. Proceeds from the sale of tree fruit, whether marketed in the Dominion or abroad, are pooled for subsequent proration among the participating shippers. A Shippers Advisory Council, consisting of four people engaged in marketing fruit, has been appointed to advise and assist the local board in matters relating to marketing. One of these is appointed by the Associated Growers of British Columbia, one by the Grower-Shippers' Association, and two by shippers not affiliated with either association. The Board is also authorized to determine the amount of storage, transportation, handling, brokerage, or other charges, or any loss through shrinkage incurred by a shipper, and to pool these expense items in the same manner as proceeds from the sale of fruit.

Dominion Fruit Export Marketing Scheme

The Fruit Export Marketing Scheme, endorsed by fruit growers' organizations in Nova Scotia, British Columbia, and Ontario and approved by the Governor in Council upon recommendation of the Dominion Marketing Board on August 30, 1934, was the second scheme to be put into effect. The purpose of this scheme is to regulate and control the export marketing of fresh apples and pears from all of Canada. The provinces of Nova Scotia, Ontario, and British Columbia were especially interested in this scheme because practically all of the Canadian fresh apple and pear exports come from these provinces.

During the five seasons ending with 1933-34 Canadian exports of apples averaged 1,600,000 barrels and 1,400,000 boxes annually and of pears around 125,000 bushels annually. Most of this fruit goes to the British market. By regulating exports it was believed that over-supplies and shortages of Canadian fruit on the markets of the United Kingdom would be prevented and better prices obtained. It was also anticipated that the general standard of Canadian apples sold in the British market would be raised as a result of the operation of the scheme.

The administration of the scheme is placed in the hands of a Fruit Export Board of Canada consisting of five members who serve for an indefinite period subject to the wishes of those who appoint them. Two of the members are appointed by the producers of Nova Scotia, one by the producers of Ontario, one by the producers of British Columbia and one, who will act as chairman, by the other four members of the Board. The Export Board has

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D.

authority to regulate the movement of apples and pears exported from Canada and to prohibit, during any period, the exportation from Canada of any quantity, size and quality of fruit. All producers of these fruits may be required to register with the Export Board, and all persons engaged in the exporting of fruit must obtain a license from the Board. No one except licensed exporters may export apples and pears from Canada.

The necessary expenses of the Export Board are defrayed by the assessment of charges on fruit exports. The maximum assessment has been fixed at one cent per barrel and one-half cent for each package of smaller dimensions. The Board is also authorized to appoint agents in any foreign country to advise it as to current prices of fruit and as to other matters relative to the disposal of Canadian fruit in the export market. The head offices of the Export Board are in Ottawa. Local Boards may be set up in the provinces as agencies of the central Export Board in Ottawa.

Western Red Cedar Shingle Scheme

The third scheme adopted under the Natural Products Marketing Act, 1934, was that applicable to red cedar shingles produced in British Columbia and exported to the United States. The scheme was approved by the Governor in Council upon recommendation of the Dominion Marketing Board on October 12, 1934. The entire Canadian supply of red cedar shingles is produced in British Columbia. The annual production amounts to approximately 2,000,000 squares, about 75 percent of which is exported. The purpose of the scheme is to regulate exports to the United States so that each shingle mill in British Columbia may have a fair share of the American market, proportionate to its productive capacity.

Prior to the submission of the shingle scheme eighty percent of the shingle manufacturers in British Columbia had formed a voluntary organization known as the British Columbia Red Cedar Shingle Export Association, Limited, but this voluntary method of regulating exports proved unsuccessful. It was recognized by the Dominion Minister of Agriculture that the trade and commerce in red cedar shingles was injuriously affected by marketing conditions because of the lack of a local export control board. The scheme for regulating the exports of red cedar shingles to the United States was submitted by the Association of shingle producers to the Minister of Agriculture for presentation to the Dominion Marketing Board.

The scheme authorizes the Dominion Marketing Board to establish an agency to administer the plan. It also authorizes the Dominion Marketing Board to exercise certain powers and to delegate those powers to the agency established for the administration of the scheme. The British Columbia Red Cedar Shingle Export Association, Limited, has been appointed to act for

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the Dominion Marketing Board in that capacity. Through this Association the Board exercises the licensing and other control powers embodied in such schemes. In this case such control includes fixing the total amount of the regulated product that may be exported during any three months' period and apportioning the same by percentage quotas to each manufacturer based on the number of machines operated by him. It may also prohibit the export of any quantity, quality, and grade of the regulated product.

Only licensed individuals may engage in exporting shingles and charges may be assessed up to a maximum of two cents per square on all red cedar shingles exported in order to defray expenses of administration. An order has also been approved by the Governor in Council to the effect that no railroad, steamship or other transportation agency may accept British Columbia red cedar shingles for shipment to the United States without presentation by the shipper of a certificate issued by the Dominion Marketing Board or the agency authorized to administer the scheme.

British Columbia Dry Salt Herring and Dry Salt Salmon Scheme

The scheme to regulate the marketing of dry salt herring and dry salt salmon produced in British Columbia was approved by the Governor in Council upon recommendation of the Dominion Marketing Board on October 22, 1934. It is designed to correct the methods of marketing these products previously in vogue and is applicable to the preparation of such fish for market, and to their purchase, shipment, storage, and sale.

The scheme eliminates consignment selling and requires the establishment of a cash market f.o.b. British Columbia shipping ports. All orders for the regulated product must be accompanied by irrevocable letters of credit, the proceeds of which shall be available upon the delivery of the goods to the ocean steamer. Certificates of inspection will be issued by the Dominion Government for the protection of purchasers. The annual production of dry salt herring in British Columbia ranges around 55,000 tons and of dry salt salmon around 20,000 tons; both products are marketed almost exclusively in the Orient.

The scheme is administered by a local board known as the British Columbia Salt Fish Board which consists of five members, two of whom are appointed by the producers, two by shippers, and the fifth, who acts as chairman, by the Dominion Deputy Minister of Fisheries. The chairman must have no personal interest in the industry. This Board, with headquarters in Vancour, acts as the agent of the Dominion Marketing Board, and exercises all of the regulatory and licensing powers provided in the principal act.

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D

The Board is also authorized to ascertain, after consultation with Canadian Trade Commissioners in the Orient and in the light of other authentic information, the total quantity of the regulated product that may be marketed in any given season and to distribute this total among the licensed shippers on an equitable quota basis. It may appoint its own agents in foreign countries to keep advised as to current prices and other matters relevant to the marketing of the regulated product.. The expenses of the Board are defrayed from charges levied on the marketing of the regulated product. The maximum charges have been fixed at 15 cents per box.

Ontario Unmanufactured Flue-Cured Tobacco Scheme

The Ontario Flue-Cured Tobacco Scheme, approved on October 26, 1934, was the fifth scheme to be put in effect under the Natural Products Marketing Act, 1934. The scheme applies only to the marketing of flue-cured tobacco produced in Ontario. The production of this type of tobacco in Ontario during the past five years has averaged around 20,000,000 pounds annually, largely in the counties of Essex and Norfolk. The principal markets for the Ontario flue-cured crop are outside of the province, mainly in the province of Quebec and in the export trade.

The scheme in its final form was the result of extended negotiations and thorough study. It was endorsed by 71 percent of the growers representing approximately 80 percent of the land devoted to tobacco in Ontario, and by the majority of the manufacturers and packers of flue-cured tobacco. Prior to the submission of the scheme attempts had been made to negotiate a voluntary marketing agreement between producers, packers and manufacturers of flue-cured tobacco, but this proved unsuccessful. The growers remained almost entirely unorganized and for the years 1931, 1932, and 1933 the prices they received were said to be below the level necessary for profitable operation.

The scheme is administered on behalf of the Dominion Marketing Board by a local organization, known as the Ontario Flue-Cured Tobacco Marketing Board, on which the growers have nine representatives and the manufacturers five. The headquarters of the local agency are at Simcoe, Ontario. The Dominion Marketing Board is authorized to levy charges on the marketing of the regulated product in order to create a fund from which to defray the expenses of the local board. Such charges may not exceed two and seven-tenths per pound.

Among the powers of the local board are authority to order tobacco to be forwarded to or to be withheld from any specified domestic or foreign market; to compensate producers for any losses sustained as a result of such an order, except that no compensation is to be paid for losses sustained as a result of an order to withhold tobacco because of unsuitable

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D

grade or as a result of restrictions imposed by the Government in the importing country; and to prohibit the marketing of any flue-cured tobacco of any grade, quality, or class, or off-grade, tobacco rejects, or scraps. The Board may require registration of all persons engaged in the production of flue-cured tobacco and licensing of all persons engaged in the buying, selling, shipping, and storage of the crop.

The scheme also provides that the local board shall inspect the crop each season and adopt an estimated seasonal average price for the same. This seasonal average price is to be determined by a committee on which growers and buyers have equal representation. It is a condition of all contracts for the purchase of tobacco used for domestic consumption that buyers shall pay this average price. If the average price paid by a buyer for the sum total of his purchases for domestic consumption does not come up to the appraised value of the quantities purchased, the buyer is obliged to pay the difference to the local board which in turn will distribute it among the growers who originally sold the tobacco.

Milk Marketing Scheme of the Lower Mainland of British Columbia

The scheme to regulate the marketing of milk and all food products (except ice-cream and confectionary) processed or manufactured wholly or chiefly from milk produced in a certain area of the lower mainland of British Columbia, known as the "T.B. Free Restricted Area," became effective on January 1, 1935. A local organization known as the B. C. Lower Mainland Dairy Products Board administers the scheme on behalf of the Dominion Marketing Board.

The purpose of this scheme is to regulate the marketing in inter-provincial and in export trade of the regulated products produced in the area of the Province of British Columbia to which the scheme relates. The scheme is supplementary to a purely provincial milk marketing scheme set up somewhat earlier. This earlier scheme differs from the latter only in that it is intra-provincial in applicability while the latter applies to all sales outside of the province, including exports to foreign countries. Since the same board administers both schemes they are considered as one for the purposes of this summary.

The B. C. Lower Mainland Dairy Products Board has the usual regulatory and licensing power provided for in the principal Act. It may also conduct a pool for the equalization of returns received from the sale of the regulated product and compensate shippers for losses sustained as a result of withholding from a market or shipping to a market pursuant to orders of the Board. However, no compensation will be paid for losses resulting either from the enforced withholding of inferior grade merchandise or from restrictions imposed by the government in the country of importation. Compensation will also be paid if losses result from shipments to a country whose currency has depreciated in relation to Canadian currency.

CANADA EXPANES AGRICULTURAL MARKETING CONTROL, CONT'D

The local board may assist by grant or by loan the construction or operation of facilities for preserving, processing, storing or conditioning the regulated products. It may also make assessments on the marketing of the regulated products in order to secure funds from which to defray the expenses of administration. All persons engaged in the production or marketing of those products must register with the board, obtain a license, and make periodic returns giving full information relating to their production and marketing activities.

Eastern Canada Potato Marketing Scheme

The Eastern Canada Potato Marketing Scheme, which came into effect on January 18, 1935, originally covered the potato crops grown in the provinces of Prince Edward Island, New Brunswick, Nova Scotia, and Ontario, but by an amendment dated April 30, 1935, the scheme was also made applicable to the province of Quebec. The scheme was formulated, endorsed by, and submitted on behalf of producers and dealers throughout all of the potato producing areas in the provinces mentioned. Growers in these provinces had been receiving inadequate returns for their crops and, lacking organization, were confronted with a demoralized market when the 1934 crop showed an increase of eight million bushels over that of 1933.

This scheme is designed to improve the marketing of potatoes and stabilize prices by (a) prohibiting the marketing of ungraded stock or of inferior grades; (b) by eliminating all consignment selling, said to have been the main contributing factor to price demoralization; (c) by promoting orderly marketing through permitting sales only under firm contracts; (d) by increasing consumption through publicity; and (e) by developing export markets.

The administration of the scheme is placed in the hands of the Eastern Canada Potato Marketing Board, which consists of eleven members, two elected by registered growers in each of the five provinces, while the eleventh member, who is also the Chairman, must be the Secretary of the Canadian Horticultural Council. Headquarters of the Board are at Ottawa, Ontario. Expenses for the administration of the scheme are to be defrayed out of a fund created by levies on the marketing of the crop. Such levies, however, may not exceed one half of one cent per bushel.

The Potato Marketing Board, as in the case of all of the other Boards, has full power to determine and regulate all activities in connection with marketing the potato crops of the five provinces, including regulation of buying, selling, shipping, and storage, and complete prohibition of marketing if it desires. In addition to controlling the quantity of each variety, quality and grade of potato that may be marketed in or shipped out of these provinces the Board has the special power to prohibit the selling of potatoes by dealers except under firm contracts. Each grower must register with the Board and each dealer must obtain a license from the Board.

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D

In conjunction with this scheme, new grade designations have been prescribed by regulations under the Root Vegetables Act. These grades are set out in two schedules, one of which applies to sales in eastern Canada and the other to exports and sales in western Canada.

Western Ontario Bean Marketing Scheme

The Western Ontario Bean Marketing Scheme, which became law on February 1, 1935, is designed in the main to regulate the inter-provincial and export trade in dry beans produced in the counties of Kent, Elgin, Huron, Middlesex, Lambton, Norfolk, and Essex. The new marketing control scheme provides for the elimination of trade practices regarded as undesirable, for the promotion of orderly marketing through a designated marketing agency, and for trade promotion work to increase consumption of dry beans in domestic and foreign markets.

A local board known as the Western Ontario Bean Marketing Board and consisting of five members, each of whom must have not less than five acres of land devoted to the production of beans, has been charged with the responsibility of administering the scheme. Headquarters of the Board are at Ridgetown, Ontario. Its expenses are to be defrayed by assessments not exceeding 2 cents per bushel on the whole or any part of the crop entering marketing channels.

The Board is authorized to eliminate all consignment selling of beans and to designate a corporate body as the sole agency through which the regulated product shall be marketed. All persons engaged in producing beans must register with the Board and each dealer must obtain a license. The issuance of such license, as in the case of all of the other marketing schemes, is conditioned upon the licensee agreeing to carry on business in accordance with the scheme. The Board is also authorized to require dealers to take out bonds to guarantee their financial responsibility.

British Columbia Coast Vegetable Marketing Scheme

The British Columbia Coast Vegetable Marketing Scheme, which came into operation on March 4, 1935, is applicable to all vegetables produced in southwestern British Columbia, except rhubarb, hot-house tomatoes, and hot-house cucumbers, and except beans, corn and peas grown or sold for canning. The purpose of the scheme is to regulate the marketing in inter-provincial and in export trade of the regulated product produced in the area of the province to which the scheme relates. Administration of the scheme is placed in the hands of the B.C. Coast Vegetable Marketing Board with headquarters in Vancouver.

The Board has complete control over the marketing of the specified vegetables. It may deal directly with only a part of the crops or with all of them, and it may direct shipments as it sees fit. This direction also applies to different qualities or grades of the product. It is authorized to conduct a

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D

pool or pools within the grade of the regulated product for the equalization of returns received from the sale of such products. The Board may also compensate shippers for losses sustained as a result of compliance with its orders, except that no compensation is to be paid for losses resulting from orders to withhold inferior products.

It may assist either by grant or loan the construction or operation of facilities for preserving, processing, storing, or conditioning the regulated products. All producers and dealers in the regulated products must register with the Board. A producer is defined as any person growing any of the regulated products on one acre or more of land. The Board is also authorized to compel each person engaged in the marketing of the regulated products to take out a license. Such licenses may be canceled for violation of any provision of the law. Periodic returns must be made to the Board on all activities connected with the growing and marketing of the products under regulation.

The Board is also empowered to cooperate with any similar agency set up under the laws of any other province and to act conjointly with such provincial agencies. It may impose charges on the marketing of the regulated products in order to defray expenses and it can issue regulations for the marking, labeling, or stamping of all packages containing regulated products so as to indicate not only the class, variety, grade, and size of the contents but also that all charges and tolls have been paid and that the product is one handled by registered producers and shippers.

British Columbia Interior Vegetable Marketing Scheme

The British Columbia Interior Vegetable Marketing Scheme, applicable to vegetables grown in the southeastern section of British Columbia, also went into effect on March 4, 1935. In recommending approval of this scheme to the Governor in Council the Dominion Marketing Board stated that the standard of living of a great body of the producers of vegetables in the area affected by it was being reduced and was likely to be further reduced because of the fact that unfair competition, unfair trade practices, and demoralized marketing were resulting in prices that were less than cost of production. It also stated that the trade which was to be regulated was principally inter-provincial and that this trade was being injuriously affected through lack of marketing control.

The scheme gives complete control of the marketing of vegetables produced in the specified area of production to the B. C. Interior Vegetable Marketing Board which administers the scheme on behalf of the Dominion Marketing Board. The Board consists of three members, two of whom must be registered producers elected annually by growers and one a representative of persons engaged in marketing the regulated product. This member will be appointed annually by the two elected producer members of the Board and may be one who has been nominated by the persons engaged in marketing the regulated product.

The products subject to regulation under this scheme are tomatoes, peppers, lettuce, cucumbers, cantaloupes, corn, cabbage, celery, onions, parsnips, turnips,

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D

squash, pumpkins, citrons, marrow, asparagus, egg plant, peas, beans, potatoes, and other garden vegetables, and includes any class, variety, grade, or size of the product grown by any producer on one quarter acre or more of land within the area to which the scheme is applicable.

The scheme provided that each producer in the area concerned should have an opportunity to register with the Board within five weeks from the date of its approval by the Governor in Council. Such registered producers were authorized to elect delegates and the delegates to elect the two members who were to represent the growers on the B. C. Interior Vegetable Marketing Board. Both the delegates and the members of the Board are elected annually. The headquarters of the Board are at Kelowna, British Columbia. The powers of the Board are similar to those described for the B. C. Cost Vegetable Marketing Board.

Canada Jam Marketing Scheme

The Canada Jam Marketing Scheme, applicable to all jams, jellies, or marmalades of any variety or grade produced in Canada, became effective on April 10, 1935. According to the Dominion Marketing Board, demoralized marketing conditions have prevailed in the marketing of jams, jellies and marmalades during the past several years and these have reacted to the disadvantage of jam manufacturers, fruit growers, and consumers. It was believed that the adoption of this scheme would remedy these conditions.

Jam manufacturers representing at least 90 percent of the volume of jams, jellies, and marmalades produced in Canada drew up the scheme. The fruit growers of Ontario concurred in the proposal and no opposition to the scheme was advanced by fruit growers in other parts of Canada. The purpose of the scheme is to regulate the marketing of jams, jellies, and marmalades produced in Canada in accordance with market demands throughout the year.

It is administered by a board known as the Jam Marketing Board of Canada located in Toronto, Ontario. The membership of the board differs from that of all of the other boards in that it represents manufacturers, producers and consumers. It consists of 14 members, nine of whom must be jam manufacturers. Three of these must be elected by licensed manufacturers in British Columbia, three by those in Ontario, and three by those in Quebec. Fruit growers have three members to be chosen annually by Fruit Marketing Boards handling products which form the basis of jams, jellies, and marmalades and established under the principal Act in each of the Provinces of Ontario, Quebec, and British Columbia. In the absence of such a local board in any of the provinces mentioned the producer member for such province will be selected by the Canadian Horticultural Council. Consumers have one member, who is appointed annually by some representative organization nominated by the Dominion Marketing Board. The fourteenth member, who will act as Chairman of the Board, must be one who is neither a jam manufacturer nor a fruit producer. He will be named by the other members of the Board.

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D

In general the powers of the Board are similar to those of all of the other boards established under the principal Act, and include prohibition of the marketing of products that do not conform to the requirements of "The Meat and Canned Foods Act." The Board also may aid the industry by grants or loans for construction or operation of preserving, processing, and storing facilities. Among its other powers are enforcement of marking and labeling rules; licensing of manufacturers and shippers; inspection of books and premises of persons engaged in production and marketing of the regulated products; cooperation with any other boards established to regulate the marketing of natural products; maintenance of a research staff to study problems relating to the marketing of the regulated product; and imposition of assessments on the regulated product for defraying expenses of administration.

Basically a producers' act

The Natural Products Marketing Act, 1934, under which all of the above schemes have been put into effect, is not considered emergency legislation to relieve temporary conditions but rather legislation designed permanently to reduce marketing costs and return a larger share of the consumers' dollar to the producer. The Act in some respects is similar to section 8 (2) of the Agricultural Adjustment Act relating to marketing agreements and to section 8 (3) relating to the issuance of licenses.

The Act provides a means whereby persons engaged "in the production and marketing or the production or marketing" of a natural product may organize to regulate the marketing of their products in intra-provincial, inter-provincial or in export trade through organizations set up and administered by themselves. All except two of the schemes thus far adopted, however, provide for administration by boards on which all or the majority of the members must be registered producers of the regulated product. The only two exceptions are the B. C. Dry Salt Herring and Salmon Scheme and the Canada Jam Marketing Scheme which provide for administration by boards on which producers and shippers have equal representation.

Any group of persons engaged in the production and marketing or the production or marketing of a natural product may draw up a scheme for the control of its marketing by local boards. The proposed scheme must be submitted to the Minister of Agriculture who will determine whether the persons submitting the scheme are sufficiently representative of those engaged in the production or marketing of the product. When satisfied on this point he presents it to the Dominion Marketing Board for examination as to its legality with reference to the enabling Act and to other acts and regulations of the government. If the scheme is to deal with export trade, especial consideration must be given to its effect on the importing country and upon competitors. It may also be necessary to consider the scheme in the light of international agreements. When satisfied as to its legality, economic soundness, practicability, and enforceability the Dominion Marketing Board refers the scheme to the Governor in Council for approval and when approved it has the force of law.

CANADA EXPANDS AGRICULTURAL MARKETING CONTROL, CONT'D

It should be noted that there is nothing in the principal Act providing that proposed schemes must have the endorsement of the majority of those engaged in producing or marketing the product. In regard to the application of the eleven schemes now in force, it is of interest to note that only four of them contain statements as to the number or percentage of producers endorsing them. The Order in Council approving the B. C. Tree-fruits Scheme mentions that it was supported by a majority of the producers and by a proportion of the shippers representing 65 percent of the tonnage. In the case of the Dominion Fruit Export Marketing Scheme, the Order in Council, in approving the same, states it has the endorsement of the fruit growers' organization of Nova Scotia and British Columbia, and the approval of the Ontario Fruit Growers' Association. The Western Red Cedar Shingles Scheme was similarly referred to as having the endorsement of 80 percent of the shingle mills, and the Ontario Flue-Cured Tobacco Scheme as having the endorsement of 71 percent of the growers representing about 80 percent of the land devoted to tobacco and by a majority of the responsible manufacturers and packers of flue-cured tobacco. In approving the other seven schemes the Governor in Council merely stated that the Minister of Agriculture found the petitioners submitting the schemes to be sufficiently representative of those engaged in the production or marketing of the product to be regulated.

While the Act does not provide that proposed schemes must have the endorsement of the majority of the people engaged in producing or marketing the product to be regulated, it does specify that the Minister "may require that a poll be taken and state the necessary percentage of voters favoring the scheme to warrant its further consideration." The fact that it has been found unnecessary to hold a regular poll prior to the adoption of any of the eleven schemes now in force is not without interest. It should be noted, however, that two of the schemes thus far adopted provide that a poll of all registered growers shall be taken before a specified date to determine whether the particular scheme shall be continued. This is true of the B. C. Tree-Fruits Marketing Scheme and of the Eastern Canada Potato Marketing Scheme. The Dominion Jams, Jellies, and Marmalade Scheme, provides that a poll to determine the continuation of the scheme shall be taken upon the petition of registered manufacturers representing 33-1/3 percent in number and volume of business controlled.

A fundamental feature of the Canadian Natural Products Marketing Act is that it provides what may be called permissive powers which may or may not be exercised by the individual boards, depending on the expressed desires of those who set up and administer each regulatory scheme. While the principal Act provides no authority for outright restrictions on production or direct fixing of prices, it would seem that both objectives could be attained by reason of the broad powers placed in the hands of the boards for the regulation of trade. These powers are enhanced by the authority of the individual boards to register and license persons engaged in the production and marketing of the regulated products and to prosecute those who violate any provisions of the schemes.

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UNITED STATES: Imports of crude sago and flour for
consumption, 1925 to 1934

Year	Sago, crude	Sago flour
	<u>Pounds</u>	<u>Pounds</u>
1925.....	95,305	6,229,995
1927.....	249,669	5,614,556
1929.....	99,221	7,973,182
1931.....	195,515	6,135,783
1932.....	74,704	9,401,804
1933.....	21,321	12,295,945
1934 <u>a/</u>	301,708	12,459,546

Compiled from records of the Bureau of Foreign and Domestic Commerce.
a/ Preliminary.

UNITED STATES: Imports of tapioca, tapioca flour, and cassava a/
for consumption, 1925 to 1934

Year	Tapioca	Tapioca flour	Cassava
	<u>Pounds</u>	<u>Pounds</u>	<u>Pounds</u>
1925.....	7,544,097	110,829,296	38,581
1927.....	31,638,288	78,723,558	46,566
1929.....	5,926,852	159,574,088	7,816,564
1930.....			2,428,355
1931..... <u>b/</u>	2,241,526	<u>c/</u> 140,953,300	
1932..... <u>b/</u>	6,616,894	<u>c/</u> 123,383,478	
1933..... <u>b/</u>	2,100,924	<u>c/</u> 188,300,662	
1934 <u>d/</u> <u>b/</u>	4,210,382	<u>c/</u> 171,899,003	

Compiled from records of the Bureau of Foreign and Domestic Commerce.

a/ Included with tapioca for years not shown separately.

b/ Classification: Tapioca, crude (Galpac) and cassava.

c/ Classification: Tapioca flour and tapioca prepared.

d/ Preliminary.

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